



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
UNEMPLOYMENT INSURANCE AGENCY
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
ANDREW S. LEVIN, ACTING DIRECTOR
SUSAN R. CORBIN, DEPUTY DIRECTOR

STEPHEN M. GESKEY
DIRECTOR
UNEMPLOYMENT
INSURANCE AGENCY

February 17, 2011

Honorable Rick Snyder
Governor of the State of Michigan

Honorable Jase Bolger
Speaker of the House

Honorable Richard Hammel
House Minority Leader

Gary Randall
Clerk of the House

Honorable Randy Richardville
Senate Majority Leader

Honorable Gretchen Whitmer
Senate Democratic Leader

Carol Morey Viventi, J.D.
Secretary of the Senate

Dear Governor Snyder & Members of the Legislature:

In accordance with Section 8 of the *Michigan Employment Security Act*, being Section 421.8 of the *Michigan Compiled Laws*, the Unemployment Insurance Agency is required to report annually to the Governor and the Legislature any amount, in excess of \$1.00, that the maximum weekly unemployment benefit rate would increase if the annual increase in the United States Department of Labor's Consumer Price Index (CPI) were applied to the maximum weekly benefit rate.

I am therefore transmitting to the Governor, and to the House and Senate for publication along with this letter in the *Journals* of their respective bodies, the enclosed report showing that since the last increase in the maximum weekly benefit rate to \$362.00, the increase in the CPI would result in an increase in the maximum weekly unemployment benefit rate to \$436.14.

Respectfully submitted,

Stephen M. Geskey, Director
Unemployment Insurance Agency

Attachment

cc: Andrew S. Levin
Susan R. Corbin

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Annual Review of Maximum Weekly Benefit Rates Report

The intent of Section 8 of the Michigan Employment Security Act was to establish a method to be used to insure that the maximum weekly benefit rate (MWBR) under Section 27(b) is related to the increases in the cost of living standards. The Unemployment Insurance Agency compares the Consumer Price Index for the December prior to the most recent increase in the MWBR to the Consumer Price Index for the most recent December, and applies that percentage increase or decrease to the MWBR. If the change in the MWBR equals or exceeds \$1.00, that fact is reported to the Governor and the Legislature. The chart below shows the calculation:

Consumer Price Indexing

December 2010 = 202.280 CPI
December 2001 * = 167.9 CPI

*The last increase in MWBR was 4/26/02. December 2001 was the last December prior to that increase.

$$202.280 / 167.9 = 1.2048$$

$$\text{Current MWBR} = \$362.00$$

$$\$362.00 \times 1.2048 = \$ 436.14$$

The consumer price indexing method takes into account the increase in the value of the U.S. Dollar

Source: United States Department of Labor's Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for greater Detroit area (Table 6) for December 2010 and December 2001.